Mr. Bruce 0349

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: August 1, 1952

SUBJECT: French OSP Program

PARTICIPANTS: Ambassador Bonnet

Acting Secretary Bruce MB
S/MSA - E. M. Martin

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WE
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Defense - Mr. Halaby
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1—1493

Ambassador Bonnet came in at his request at 6:00 PM. He stated he had just received a message from Pleven concerning the French OSP request. He repeated his earlier statements about the great concern in Paris, both in the press and in the government, about our failure to come as large a number of contracts as they had expected. He understood that the main problem for the U.S. was lack of funds. Therefore his government wished to raise with us the question of whether more funds might be available, particularly for procurement of aircraft in France, in view of the information they had received that the Belgian and Netherlands portion of the NATO aircraft program could not be carried out because of the refusal of the Belgian and Dutch Governments to put up their share of the money required. It was the understanding of the French Government that this might release about $46 million of U.S. funds which might be transferred to expenditure in France.

In commenting, Ambassador Bonnet spoke strongly of the objections which the French Government had to the so-called Batt Report on aircraft since it involved establishing new facilities, they thought, in the strategically vulnerable Rhine Delta, instead of using existing facilities in France in safer locations. It was pointed out that this was not exactly our understanding of the Batt Report.

Ambassador Bonnet

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Ambassador Bonnet was told that we would have to check on the status of the NATO program and then it would be necessary to consider from a military and technical point of view, if the Belgian and Dutch programs could not be carried out, what was the most desirable alternative use of U.S. funds. This would be primarily of concern to the Department of Defense.

Ambassador Bonnet also stated he understood Pleven was now making up his mind whether or not to cancel the contracts which the U.S. did not pick up or to find the money to finance them. He thought Pleven would be going down early the week of August 4 to see Pinay, who was on holiday, and reach a decision with him. Ambassador Bonnet emphasized how strongly he was recommending that funds be found to continue the production. He was encouraged to press for this as in all likelihood the best solution.

In connection with his comments about the statements given in the French press to the U.S. failure to agree to procure all the goods which the French asked us to buy, it was suggested to Ambassador Bonnet that it would be useful, from the standpoint of the position of his government, if they made a greater effort than they had to secure publicity in the French press for the very large amounts of U.S. aid they had in fact been able to secure from the U.S. Ambassador Bonnet agreed in principle.

S/MSA:EMMartin:bfo
August 4, 1952.

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